

23 November 2020

ASX ANNOUNCEMENT

Share Buy-back Offer Booklet

Further to the Company's announcement of 13 November 2020, Future First Technologies Ltd (ASX: FFT) (**FFT** or the **Company**) is pleased to release the Offer Booklet pertaining to the Selective Share Buy-back that was approved at the Company's Annual General Meeting on 13 November 2020.

Details of the offer are set out in the attached booklet.

This announcement has been authorised for release by FFT's Board of Directors.

END

20 November 2020

Dear Shareholder,

Conditional Offer to Buy Back your Shares in Future First Technologies Limited (Formerly PS&C Ltd)

Future First Technologies Ltd (**Company**) is pleased to invite you to participate in a selective buy back of ordinary, fully paid shares in the capital of the Company (**Shares**) on the terms set out in the following enclosed documents (**Buy-back or Buy-back Offer**):

1. A Buy-back Offer Document and Acceptance Form; (**Buy-back Offer Document**)
2. The resolution put to a General Meeting held on 13 November 2020 at which shareholders of the Company (**Shareholders**) were asked to approve the Buy-back Offer, in accordance with section 257D(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) and clause 4.1.3 of the Company's Constitution (**Resolution**);
3. The Explanatory Statement regarding the Resolution (**Explanatory Statement**); and
4. The Independent Expert Report relating to the Buy-back Offer.

The Board has resolved to conduct the Buy-back to provide an opportunity for those eligible Shareholders who wish to sell their Shares. The Company currently holds surplus cash to its requirements, and the Board believes this represents an effective capital management strategy which is in the interests of Shareholders.

The Buy-back is a selective Share buy-back open to all Eligible Shareholders as disclosed in section 2.2 of the Offer Document (attached) and participation is entirely voluntary. If you choose to accept the Buy-back Offer, you will receive \$0.05 for each Share the Company buys back from you. Each Shareholder will be provided with a Pro Rata Limit on the amount of Shares they may sell back, in accordance with their shareholding. The maximum aggregate number of Shares the Company will buy-back from Eligible Shareholders is 200,000,000 Shares. Whilst this is the maximum number of Shares that may be repurchased, it is not necessarily the actual number that will be bought back.

The Buy-back Offer will close at 5:00pm (AEDT) on 4 December 2020 (**Closing Date**). If you wish to accept the Buy-back Offer, please ensure that you submit a completed Acceptance Form in accordance with the terms set out in this offer document, by no later than the Closing Date.

You are encouraged to read all of the enclosed documents carefully and consult your professional or investment advisers in relation to your decision whether or not to accept the Buy-back Offer. In particular, the Company has not considered your specific taxation or other financial position and you should consider seeking specialist advice in relation to these matters.

Yours sincerely



Renata Sguario
Chairman



FUTURE FIRST
TECHNOLOGIES

Buy-back Offer Booklet



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Contents:

1. Buy Back Offer Document
2. Notice of Meeting Resolution
3. Notice of Meeting Explanatory Statement
4. Timetable
5. Glossary
6. Independent Expert Report
7. Buy Back Acceptance Form



FUTURE FIRST

TECHNOLOGIES

BUY BACK OFFER DOCUMENT

1. DICTIONARY

Unless otherwise indicated, terms defined in this Buy-back Offer Document have the same meaning as defined in the Glossary.

2. BUY-BACK OFFER TERMS

- 2.1. **Buy-back Offer:** The Company offers to buy back Shares which are held in your name on 17 November 2020 (**Record Date**), on the terms and conditions set out below. If you accept the Buy-back Offer, you may only do so in respect of the Pro Rata Limit of your Shares, unless a Shortfall occurs.
- 2.2. **Eligible Shareholders:** The Buy-back Offer is being made to all Eligible Shareholders registered as at the Record Date.
- 2.3. **Buy-back Price:** The Buy-back price per Share is \$0.05, which is expected to comprise a capital return of \$0.05 per Share.
- 2.4. **Buy-back Limit:** Company will buy back in aggregate not more than 200,000,000 Shares of the Company's total issued Share capital as at the date of this Buy-back Offer. If you accept the Buy-back Offer, the Company will transfer to you cash consideration of \$0.05 for every one (1) Share bought back by the Company (**Consideration**).
- 2.5. **Pro Rata Limit on Eligible Shareholders' Shares:** A pro rata limit, equal to approximately 56.16% of an Eligible Shareholder's shareholdings, will be placed upon each Eligible Shareholders' shareholdings to ensure each Shareholder is provided with an opportunity to partake in the Buy Back Offer. Shares that are within the Pro Rata Limit and able to be sold will be considered Eligible Shares.
- 2.6. **Offer Period:** Unless withdrawn, this Buy-back Offer will remain open for acceptance during the period commencing on 23 November 2020 (**Opening Date**) and ending at 5:00pm (AEDT) on 4 December 2020 (**Closing Date**), subject to any extension of that period made by the Board in its absolute discretion.
- 2.7. **Payment:** Subject to this Buy-back Offer, the Company will provide the Consideration for your Shares not later than seven (7) days after the transfer of the Purchased Shares to the Company, or the contract resulting from its acceptance, becomes unconditional. The Company will post a cheque for the amount owing to you to the address set out in the register of members maintained by the Company.



FUTURE FIRST TECHNOLOGIES

2.8. How to accept this Buy-back Offer

- 2.8.1. If you accept the Buy-back Offer, the number of Shares the Company will buy back under the Buy-back Offer will be the total number of Eligible Shares, according to your Pro Rata Limit, which you hold in the Company that you wish to sell.
- 2.8.2. If you are registered as the holder of one or more parcels of Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Buy-back Offer has been made in relation to each of those parcels and any parcel you hold in your own right. If you accept the Buy-back Offer, you must:
- (a) complete and sign the attached Buy Back Acceptance Form in accordance with the instructions on the Buy Back Acceptance Form; and
 - (b) ensure that the Buy Back Acceptance Form is returned in accordance with the instructions on that form by the Closing Date of 5:00pm (AEDT) on 4 December 2020.

Your Buy Back Acceptance Form will be deemed to have been received in time if it is in compliance with the instructions on that form before the end of the Offer Period.

- (c) If you need to instruct your controlling CHESS participant, please ensure you do so in sufficient time for them to process your instructions no later than 5.00pm (AEDT) 4 December 2020; or
 - (d) Use the attached Buy Back Acceptance Form. The Buy Back Acceptance Form must be received by the Company's share registry by 5.00pm (AEDT) 3 December 2020. The Company's share registry will need to confirm with your controlling CHESS participant any submission of your paper Buy Back Acceptance Form before it can be taken as validly submitted and there may not be sufficient time to do so for any paper Offer Forms submitted by CHESS Holders after 5.00pm (AEDT) 3 December 2020.
- 2.8.3. Once you have accepted this Buy-back Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, subject to any conditions of the Buy-back Offer.
- 2.8.4. The Board may, in its sole discretion, at any time deem any Buy Back Acceptance Form it receives during the Offer Period (or, if applicable, in an envelope post-marked before the expiry of the Offer Period) (whether it is received by post or otherwise and whether it is received at the address set out on the Application Form or otherwise) to be a valid acceptance in respect of the number of Shares indicated on the Buy Back Acceptance Form, even if a requirement for acceptance has not been complied with.



FUTURE FIRST TECHNOLOGIES

2.9. The effect of acceptance

2.9.1. By following the acceptance procedures described in section 2.8, you will be deemed to have:

- (a) accepted the Buy-back Offer in respect of that number of Shares set out in the Buy Back Acceptance Form (being the Pro Rata Limit of your Shareholdings in the Company), or such lesser number of Shares as the Board may determine, having regard to the Buy-back Limit and any scale back mechanism adopted by the Board (Purchased Shares);
- (b) agreed to transfer your Purchased Shares to the Company;
- (c) agreed to accept the Consideration being offered by the Company;
- (d) appointed and authorised the Company as your attorney and in your name and on your behalf:
 - (i) to complete the Buy Back Acceptance Form by correcting any errors in or omissions from the Buy Back Acceptance Form as may be necessary to make it valid;
 - (ii) to make the Buy Back Acceptance Form an effective acceptance of this Buy-back Offer;
 - (iii) to execute, at any time after your acceptance of this Buy-back Offer, all forms, notices and instruments in respect of your Purchased Shares; and/or
 - (iv) to enable registration of the transfer to the Company of your Purchased Shares and to complete a share transfer form on your behalf in this regard,

and to have agreed not to revoke that authority during the Proxy Period referred to in section 2.9.1(g) below;

- (e) represented and warranted to the Company that the Company will acquire good title to and beneficial ownership of all of your Purchased Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
- (f) agreed to indemnify the Company fully in respect of any claim, demand, action, suit or proceeding made or brought against the Company and any loss, cost, expense, damage or liability whatsoever suffered or incurred by the Company as a result of the Company not receiving from you title to your Purchased Shares;
- (g) appointed the Company or any nominee of the Company as your agent and attorney to exercise all the powers and rights attaching to your Purchased Shares and have agreed not to revoke that appointment during the period (Proxy Period) between the date of your acceptance of this Buy-back Offer and the earlier of:
 - (i) the date on which the Company withdraws the Buy-back Offer;



FUTURE FIRST TECHNOLOGIES

- (ii) the date on which the Buy-back Offer, and any contract that results from acceptance of the Buy-back Offer is terminated; and
- (iii) the date on which the Company is registered as the holder of your Purchased Shares; and
- (h) agreed that in exercising the powers conferred by the power of attorney in section 2.9.1(g) above, the Company or its nominee is entitled to act in the interests of the Company.

2.9.2. In accordance with section 257H(1) of the Corporations Act, once the Company enters into an agreement with you to Buy-back the Purchased Shares, all rights attaching to the Purchased Shares are suspended. The suspension is lifted if the agreement is terminated.

2.10. **Withdrawal of Buy-back Offer:** The Company may withdraw this Buy-back Offer for any reason whatsoever at any time.

2.11. **No duty or other costs or brokerage:** The Company will pay all costs and expenses of the preparation, dispatch and circulation of this Buy-back Offer and any duty payable in respect of the transfers of Purchased Shares to the Company. No brokerage is payable by you if you accept this Buy-back Offer.

2.12. **Governing law:** This Buy-back Offer and any contract that results from your acceptance of this Buy-back Offer are governed by the laws in force in Victoria.

2.13. **Date of Buy-back Offer:** This Buy-back Offer is dated 20 November 2020.



FUTURE FIRST TECHNOLOGIES

Notice of Meeting Resolution (Passed 13 November 2020)

Selective Share Buy-back at \$0.05 per share of 200,000,000 of the Company's Shares and cancelation of those shares

To consider, and if thought fit, pass the following resolution as a **Special Resolution**:

Resolution 5

"That, for the purposes of Section 257D of the Corporations Act and for all other purposes, approval is given for the Company to undertake a selectively buy-back at a price of \$0.05 per share of 200,000,000 of the Company's Shares and cancelation of those shares in accordance with the terms and conditions set out in the Explanatory Statement." *(Refer to the Explanatory Statement annexed for further details).*

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this resolution by:

- (a) a person who is expected to participate in the proposed selective buy-back and a person who will obtain a material benefit, except a benefit solely by reason of being a holder of ordinary securities if the resolution is passed; and
- (b) any associates of those persons.

However, the Company will not disregard a vote on this resolution if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (d) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides.

An Independent Expert has determined that the selective share buy-back at \$0.05 per share of 200,000,000 of the Company's Shares and cancelation of those shares, the subject of the Resolution in this Notice of Meeting, is fair and reasonable to the non-associated Shareholders.



FUTURE FIRST TECHNOLOGIES

Notice of Meeting Eplanatory Statement

ITEM 6 - Selective Share Buy-back at \$0.05 per share of 200,000,000 of the Company's Shares and cancelation of those shares

Resolution 5

Background

Over the past 14 months, to address matters relating to the company's going concern uncertainties the Board of the Company embarked on a program to divest certain assets to strengthen its Balance Sheet while maintaining a platform for future growth.

As of the date of this Notice of Annual General Meeting, the Company has successfully divested its Security Segment as announced to the Market on 3 October 2019, successfully divested its Queensland operations, Glassandco Pty Ltd, as announced to the market on 19 December 2019 and successfully divested its Canberra Operations, as announced to the Market on 9 December 2019.

At a General Meeting scheduled for 26 October 2020, a resolution to divest the Melbourne Consulting Business will be put to shareholders which, if approved, will realise cash proceeds of \$23 million before transaction and associated transaction costs,

The divestment program has successfully strengthened the Company's Balance Sheet resulting in excess cash reserves affording the Company the ability to provide a selective share buy-back in line with the resolution.

Section 257D of the Corporations Act

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's solvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

In particular, Section 257A of the Corporations Act provides that a company may buy back its own shares if:

- (d) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (e) the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

Pursuant to Section 257D(1) of the Corporations Act, a selective share buy-back must be approved by either:

- (a) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- (b) a resolution agreed to, at a general meeting by all ordinary shareholders.

The phrase "no votes being cast" is intended to operate in a similar way to the way in which voting exclusion statements operate in the context of the ASX Listing Rules.



FUTURE FIRST TECHNOLOGIES

Pursuant to Section 257D(2) of the Corporations Act, the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.

Section 257H(3) of the Corporations Act provides that immediately after the registration of the transfer to a company of shares bought back, the shares are cancelled.

ASIC Regulatory Guide 110 sets out what ASIC expects a company to provide when disclosing such information to shareholders with a notice of meeting. This information is set out below.

Impact of Buy-Back on the capital structure of the Company

The effect of the proposed Buy-Back on the Company will be to reduce the total number of Shares on issue by 200,000,000 amounting to 37.66% of the issued capital of the Company.

The overall effect of the Buy-Back on the capital structure of the Company is as follows:

Event	Shares
Shares on issue as at the date of this notice	501,103,515
Less Shares subject to selective buy-back and cancellation	200,000,000
Shares on issue at Completion of the Transaction	301,103,515

Reason for selective buy-back

The Buy-Back will be a selective buy-back as the terms of the purchase for Respring Pty Ltd by the Company dated 6 February 2020 included terms whereby the sellers would be prohibited to participate in a buy-back for 30 June 2021. Accordingly, the sellers of Respring Pty Ltd will not be able to participate in the Buy-Back and will obtain no material benefit from the Buy-Back. For this reason the sellers of Respring Pty Ltd are considered eligible to vote on this resolution under section 257D of the Corporations Act.

As the only shareholders eligible to vote on this resolution will be the sellers of Respring Pty Ltd, both sellers will be required to vote in favour of the resolution for it to obtain the requisite 75% approval for a special resolution.

Effect of the Buy-Back on control of the Company

If the resolution is passed, it is not expected that the Buy-Back will give rise to any change in the control of the Company.



FUTURE FIRST TECHNOLOGIES

However, the Buy-Back will increase the Shareholding and voting power of the Company's substantial shareholders as follows:

Substantial Shareholder	Number of Shares held	% Voting power before Buy-Back	% Voting power post Buy-Back
Keith Falconer ¹	75,000,000	14.12%	22.65%
Lucas Murtagh ²	75,000,000	14.12%	22.65%

¹25,000,000 Shares held indirectly by Peano Investments Pty Ltd <Peano Investments A/C> and 50,000,000 Shares held directly by Toon Consulting Pty Ltd <Falconer Family A/C>

²25,000,000 Shares held indirectly by Peano Investments Pty Ltd <Peano Investments A/C> and 50,000,000 Shares held directly by Analyst Recruitment Pty Ltd <Murtagh Family A/C>

Sections 609(4) and 611 of the Corporations Act provide exemptions for acquisitions of relevant interests in a company's voting shares. A shareholder in a company is permitted to increase its shareholding as a result of a permitted buyback authorised under Section 257A of the Corporations Act by any percentage, therefore additional approval for the increase in voting power for Mr Falconer and Mr Murtagh is not required.

Source of funding of the Buy-Back

The funding for the Buy-Back will come from the sales proceeds of the Melbourne Consulting Business, meaning that no funds will need to be raised or borrowed to enable the Buy-Back to be completed.

The sale of the Melbourne Consulting Business is subject to shareholder approval which is the subject of a separate General Meeting of Shareholders scheduled to be held on 26 October 2020.

If Shareholders do not approve the sale of the Melbourne Consulting Business, then the resolution will be withdrawn from the Meeting.

Financial effect of the Buy-Back on the Company

The consideration payable to shareholders for the proposed Buy-Back is a total of \$10,000,000 which has been determined by multiplying the number of Sale Shares by the Purchase Price, being 200,000,000 Shares at \$0.05.

The financial effect on the Company of the Buy-Back will be to reduce Shareholders' funds (net assets) by \$10,000,000.



FUTURE FIRST TECHNOLOGIES

Share trading price

The highest, lowest and last trading price of Shares on ASX over the 3 months prior to the date of this Notice is set out below:

Description	Closing Price	Date
Highest	25 August 2020	\$0.049
Lowest	7 August 2020	\$0.035
Last	6 October 2020	\$0.042

Advantages and disadvantages of the Buy-Back

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 5:

- (a) there will be a lesser number of Shares on issue, consequently the ownership interest in the Company of each Shareholder will increase; and
- (b) the Independent Expert has determined that the Buy-Back is **fair and reasonable** to the non-associated Shareholders of the Company.

The Board believes the disadvantage to Shareholders of the Buy-Back is the reduction in Shareholders' funds, however the Directors believe the Buy-Back will not prejudice the Company's ability to pay its creditors or the interests of Shareholders generally, based on the Company having repaid all bank debt and on a detailed future cashflow analysis which shows cash being retained in the business post the sale of the Melbourne Consulting business is sufficient to take the Company to a cash flow positive trading position.

Independent Expert's Report

The Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the transaction contemplated by the resolution is fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transaction contemplated by the resolution is **fair and reasonable** to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

Effect on Company should shareholders not vote in favour of this Resolution

Should the eligible shareholders not vote in favour of this resolution, then the selective Buy- Back shall not occur, and the Company's capital structure shall remain as it is. Further, the Company will have an excess of funds which the Board does not consider the Company will be able to utilise in the short to medium term period. A positive cash balance may or may not affect the share price going forward.



FUTURE FIRST TECHNOLOGIES

The Company's current business plan

The Buy-Back is considered by the Directors to have no effect on the Company's business activities and plan going forward which remains to build shareholder value through direct

ownership and commercialisation of digital assets in significant growth markets. Details of the business operations, results and the ongoing business plan are set out in the Company's ASX announcements available from the ASX website at www.asx.com.au.

Recommendations of Directors

The Directors believe that the resolution is in the best interests of the Company and recommend that shareholders vote in favour of the resolution. The Chairman of the meeting will be voting any undirected proxies in favour of this resolution.

Pursuant to Section 257H(3) of the Corporations Act, immediately after the registration of the transfer to the Company of the Shares bought back pursuant to the resolution, those Shares will be cancelled.



FUTURE FIRST
TECHNOLOGIES

Timetable

Action	Date
Record Date	17 November 2020
Offer Date	20 November 2020
Opening Date	23 November 2020
Closing Date	4 December 2020
Payment Date	9 December 2020



FUTURE FIRST TECHNOLOGIES

Glossary

Board means the board of directors of the Company.

Buy Back Acceptance Form means the form attached to this booklet which Shareholders must complete and send per the instructions on the Buy Back Acceptance Form in order to take part in the Buy-back.

Buy-back Limit means the limit of 200,000,000 Shares that the Company wishes to buy back.

Buy-back or Buy-back Offer means the offer to buy-back shares from Shareholders as it relates to this buy-back offer booklet.

Buy-back Offer Document means the Buy-back offer document as attached to this booklet.

Closing Date means the closing date of the Buy-back Offer to Eligible Shareholders.

Company means Future First Technologies Limited ACN 164 718 361 (formerly PS&C Ltd)

Corporations Act means the *Corporations Act 2001* (Cth).

Consideration means \$0.05 per Share.

Eligible Shares means the amount of Shares each Eligible Shareholder is allowed to sell as, per their Pro Rata Limit.

Eligible Shareholder means the Shareholders who may participate in the Buy-buy.

Explanatory Statement means the explanatory statement relating to the Resolution.

Independent Expert Report means the independent expert report as prepared by RSM Corporate Australia relating to the Buy-back.

Opening Date means the opening date of the Buy-back Offer to Eligible Shareholders.

Pro Rata Limit means the limit of the amount of Shares an Eligible Shareholder may sell (approximately 56.16% of a Eligible Shareholder's shareholdings).

Proxy Period means the period between the date of your acceptance of the Buy-back Offer and the earlier of the date: the Buy-back Offer being withdrawn; the Buy-back Offer being terminated after any contract that results from acceptance; or the date on which the Company is the registered holder of the Purchased Shares.

Purchased Shares means the Shares bought back from Shareholders in accordance with the Buy-back.

Record Date means the date by which Shareholders must hold their shares to become Eligible Shareholders.

Resolution means the resolution relating to the Buy-back Offer at the Annual General Meeting of the Company held on 13 November 2020.

Share and Shares means ordinary shares in the Company.

Shareholders means the shareholders of the Company.



PS&C LIMITED

Financial Services Guide and Independent Expert's Report

6 October 2020

FINANCIAL SERVICES GUIDE

6 October 2020

Overview

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

CONTENTS

1.	Introduction	5
2.	Summary and conclusion.....	7
3.	Summary of the Proposed Buy-back	10
4.	Purpose and scope of the Report	11
5.	Profile of PS&C	13
6.	Valuation approach	20
7.	Valuation of PS&C prior to the Proposed Buy-back	23
8.	Is the Proposed Buy-back Fair to Non-Associated Shareholders?	27
9.	Is the Proposed Buy-back Reasonable to Non-Associated Shareholders?	28

APPENDICES

A.	Declarations and Disclaimers.....	31
B.	Sources of Information.....	32
C.	Glossary of Terms.....	33

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The Directors
PS&C Limited
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Melbourne VIC 3000

Dear Directors

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

- 1.1 This Independent Expert's Report ("Report" or "IER") has been prepared to accompany the Notice of Annual General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for an Annual General Meeting of PS&C Limited ("PS&C" or "the Company") to be held on or around 12 November 2020, at which shareholder approval will be sought for a resolution relating to the Selective Share Buy-back of 200,000,000 of the Company's shares and cancellation of those shares, as set out below:

Resolution 5 - Selective Share Buy-back at \$0.05 per share of 200,000,000 of the Company's shares and cancellation of those shares

"That, for the purposes of Section 257D of the Corporations Act and for all other purposes, approval is given for the Company to undertake a selective buy-back at a price of \$0.05 per share of 200,000,000 of the Company's shares and cancellation of those shares in accordance with the terms and conditions set out in the Explanatory Statement."

- 1.2 On 28 August 2020 ("Proposed Buy-back Announcement Date"), as part of the announcement of the proposed sale of PS&C's Melbourne Consulting Business, PS&C also announced that, if shareholders approve the proposed sale of PS&C's Melbourne Consulting Business, it was the intention of the PS&C Board to undertake a return of capital via a share buy-back ("the Proposed Buy-back"), after consideration is given to the short-term working capital requirements of the business that remains and a further strategic acquisition that was well advanced. We note that shareholder approval of the proposed sale of PS&C's Melbourne Consulting Business is subject to a vote at a General Meeting of the Company to be held on 26 October 2020. A more detailed discussion of the Proposed Buy-back is set out in section 3.
- 1.3 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Buy-back is fair and reasonable to shareholders of PS&C whose shares are not proposed to be bought back as part of the Proposed Buy-back ("Non-Associated Shareholders").

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- 1.4 This IER has been prepared to assist the Directors of PS&C in making their recommendations to Non-Associated Shareholders in relation to the Proposed Buy-back and to assist Non-Associated Shareholders in assessing the merits of the Proposed Buy-back.
- 1.5 On 7 September 2020, the Company further announced that it had executed a term sheet to acquire a 100% interest in Asset Vision for consideration of \$10.0m ("the Proposed Transaction"). The sole purpose of this Report is to set out RSM's opinion as to whether the Proposed Buy-back is fair and reasonable to Non-Associated Shareholders and we have, therefore, not considered the Proposed Transaction in our analysis.
- 1.6 The ultimate decision whether to approve the Proposed Buy-back should be based on each Non-Associated Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Buy-back, or the matters dealt with in this Report, Non-Associated Shareholders should seek independent professional advice.

2. Summary and conclusion

Opinion

- 2.1 In our opinion, and for the reasons set out in sections 8 and 9 of this Report, the Proposed Buy-back is:
- Fair to Non-Associated Shareholders in the event that at least 126,103,515 shares are bought back as part of the Proposed Buy-back; or
 - Not Fair to Non-Associated Shareholders in the event that less than 126,103,515 shares are bought back as part of the Proposed Buy-back.

Approach

- 2.2 In assessing whether the Proposed Buy-back is fair and reasonable to Non-Associated Shareholders, we have considered Australian Securities and Investment Commission (“ASIC”) Regulatory Guide 111 – *Content of Expert Reports* (“RG 111”), which provides specific guidance as to how an expert is to appraise transactions.
- 2.3 Chapter 6 of the Corporations Act broadly prohibits a person from acquiring securities in a company that is subject to the takeover rules when the number of securities controlled by that person and their associates would exceed 20% (or increase from a starting point that is above 20% and below 90%). However, a shareholder is permitted to increase its shareholding by any percentage as a result of a permitted buy-back authorised under Section 257A of the Corporations Act.
- 2.4 RG111 refers to a ‘control transaction’ as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611 of the Corporation Act 2001, a selective capital reduction or selective buy back under Chapter 2J.
- 2.5 Where there is a control transaction by way of a selective capital reduction, RG 111 states similar considerations apply to the selective capital reduction as apply to a takeover bid.
- 2.6 In the event that 126,103,515 shares (representing 63.05% of the 200,000,000 shares proposed to be bought back) are bought back by PS&C, the respective shareholdings of the Non-Associated Shareholders, Keith Falconer and Lucas Murtagh, would increase from 14.97% to 20.0%.
- 2.7 On the above basis, and in accordance with RG111, we have considered whether or not the Proposed Buy-back is “fair” to Non-Associated Shareholders by assessing and comparing:
- The Fair Value of a share in PS&C on both a Control and non-Control Basis; with
 - The Proposed Buy-back Consideration,

and, considered whether the Proposed Buy-back is “reasonable” to Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Buy-back which are likely to be relevant to Non-Associated Shareholders in their decision of whether or not to approve the Proposed Buy-back.

Fairness

2.8 Our assessment of the Fair Values of a PS&C share prior to the Proposed Buy-back on a Control and non-Control Basis, and the Fair Value of the Proposed Buy-back Consideration is summarised in the table below.

\$	Low	High	Preferred
Fair Value of one PS&C share (Control Basis)	0.057	0.057	0.057
Fair Value of one PS&C share (non-Control Basis)	0.044	0.045	0.044
Fair Value of the Proposed Buy-back Consideration	0.050	0.050	0.050

Source: RSM analysis

Table 1: Valuation summary

2.9 Our assessment is depicted graphically below.



Chart 1: Valuation summary

2.10 The table and chart above indicate that the Fair Value of the Proposed Buy-back Consideration is **less than** the Fair Value of a PS&C share on a Control Basis, and **greater than** the Fair Value of a PS&C share on a non-Control Basis.

2.11 Consequently, in accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 257D of the Corporations Act, we consider the Proposed Buy-back to be:

- Fair to the Non-Associated Shareholders in the event that at least 126,103,515 shares are bought back as part of the Proposed Buy-back; or
- Not Fair to the Non-Associated Shareholders in the event that less than 126,103,515 shares are bought back as part of the Proposed Buy-back.

Reasonableness

2.12 RG 111 establishes that the Proposed Buy-back is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the buy-back. As such, we have also considered the following advantages, disadvantages and other factors.

2.13 The Proposed Buy-back's key advantages are:

- the Proposed Buy-back is fair in the event that at least 126,103,515 shares are bought back as part of the Proposed Buy-back;
- the Proposed Buy-back will reduce the number of PS&C shares on issue and consequently, all other things being the same, will be accretive to the future earnings per share of PS&C; and
- the Proposed Buy-back will increase Non-Associated Shareholders percentage shareholdings in PS&C and may, therefore, provide them with greater influence over the decisions of the Company.

2.14 The Proposed Buy-back's key disadvantage is:

- the Proposed Buy-back is not fair in the event that less than 126,103,515 shares are bought back as part of the Proposed Buy-back.

2.15 In the event the Proposed Buy-back does not proceed, there will be no changes to PS&C's capital structure, and the Company will continue with its current business operations and seek alternative transactions to utilise the Proposed Buy-back Consideration.

No detriment to PS&C's creditors and current business plans

2.16 In our opinion, the Proposed Buy-back is not detrimental to the creditors of the Company given the cash resources that will be available to the Company should it complete the sale of the Melbourne Consulting Business.

2.17 Additionally, the Proposed Buy-back is not expected to materially impact the Company's business activities and plans going forward.

Response of the Market to the announcement of the Proposed Buy-back

2.18 The closing share price of a PS&C share on the Proposed Buy-back Announcement Date was \$0.046. The closing share price was \$0.045 on 26 August 2020 and 27 August 2020. The closing share price decreased post the Proposed Buy-back Announcement Date and traded in the range of \$0.038 to \$0.045 up to the date of this Report.

2.19 However, on the Proposed Buy-back Announcement Date, PS&C also announced that it had executed a binding sale agreement to divest the Melbourne Consulting Business. Additionally, as mentioned in paragraph 1.5 of this Report, the Proposed Transaction was announced on 7 September 2020. Accordingly, we consider the above closing share prices of a PS&C share may not necessarily solely indicate the market's reaction to the announcement of the Proposed Buy-back.

Conclusion on reasonableness

2.20 In our opinion, the position of Non-Associated Shareholders if the Proposed Buy-back is approved is **more** advantageous than if the Proposed Buy-back is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Buy-back is reasonable for Non-Associated Shareholders.

3. Summary of the Proposed Buy-back

- 3.1 On the Proposed Buy-back Announcement Date, as part of the announcement of the proposed sale of PS&C's Melbourne Consulting Business, PS&C also announced that, if shareholders approve the proposed sale of PS&C's Melbourne Consulting Business, it was the intention of the PS&C Board to undertake a return of capital via a share buy-back ("the Proposed Buy-back"), after consideration is given to the short-term working capital requirements of the business that remains and a further strategic acquisition that was well advanced. We note that shareholder approval of the proposed sale of PS&C's Melbourne Consulting Business is subject to a vote at a General Meeting of the Company to be held on 26 October 2020.
- 3.2 Management has determined that subject to shareholder approval and completion of the sale of PS&C's Melbourne Consulting Business and taking into account the Proposed Transaction, PS&C will via the Proposed Buy-back, acquire 200,000,000 PS&C shares at \$0.05 per share and subsequently cancel all shares acquired.
- 3.3 The Proposed Buy-back will be a selective buy-back, as the acquisition terms of Respring Pty Ltd ("Respring") prohibit the sellers of Respring from participating in the Company's share buy-back. Accordingly, the Non-Associated Shareholders of the Proposed Buy-back, whose shares are not proposed to be bought back as part of the Proposed Buy-back, comprise the former shareholders of Respring, namely:
- Keith Falconer; and
 - Lucas Murtagh.

Impact of the Proposed Buy-back on PS&C's capital structure

- 3.4 The Proposed Buy-back will reduce the Company's total number of shares on issue by 200,000,000, which is equivalent to 39.91% of PS&C's issued share capital as at 29 September 2020.
- 3.5 The table below summarises the capital structure of PS&C prior to and post the Proposed Buy-back.

	Shares ('000)
Shares on issue as at 29 September 2020	501,104
Shares subject to the Proposed Buy-back	(200,000)
Shares on issue at completion of the Proposed Buy-back	301,104

Source: PS&C shareholder register as at 29 September 2020 and RSM analysis

Table 2: Share structure pre and post the Proposed Buy-back

- 3.6 If approved, the Proposed Buy-back will increase the shareholding of the Non-Associated Shareholders to a maximum shareholding of 24.91% each, assuming all 200,000,000 are bought back by the Company, as set out below.

Substantial shareholder/ Non-Associated Shareholder	No. of shares ¹ ('000)	% shareholding (before Proposed Buy-back)	% shareholding (post Proposed Buy- back)
Keith Falconer	75,000	14.97%	24.91%
Lucas Murtagh	75,000	14.97%	24.91%
Total	150,000	29.93%	49.82%

1. No changes to the number of shares held pre and post the Proposed Buy-back

Source: PS&C shareholder register as at 29 September 2020 and RSM analysis

Table 3: Shareholding of Non-Associated Shareholders pre and post the Proposed Buy-back

4. Purpose and scope of the Report

Proposed Buy-back

- 4.1 PS&C is seeking approval of the Proposed Share Buy-back via a special resolution for the purposes of Section 257D of the Act with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the Proposed Share Buy-back.

Corporations Act

- 4.2 Division 2 of Chapter 2J of the Act states that a company may buy back its own shares if the buy-back does not materially prejudice the company's ability to pay its creditors and the company follows the procedures laid down in Division 2 of Chapter 2J of the Act.
- 4.3 The procedures laid down by Division 2 of Chapter 2J of the Act require that, under Section 257D of the Corporations Act ("Section 257D"), a selective reduction such as the Proposed Buy-back be approved by either a special resolution passed at a General Meeting of the company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction, or by their associates; or alternatively a resolution agreed to, at a General Meeting, by all ordinary shareholders.
- 4.4 Accordingly, the Company is seeking approval from Non-Associated Shareholders for Resolution 5 for the purposes of Section 257D of the Act
- 4.5 Section 257D further prescribes that the company must include with the notice of meeting, a statement setting out all information known to the company that is material to the decision on how to vote on the resolution unless it is unreasonable to require the company to do so because the company had previously disclosed the information to its shareholders.
- 4.6 ASIC Regulatory Guide 110 – Share buy-backs ("RG110") provides that if a company proposes to buy back a significant percentage of shares or the holdings of a major shareholder, it should consider providing an independent expert's report with a valuation of the shares to satisfy the information requirements.

Basis of evaluation

- 4.7 Chapter 6 of the Corporations Act broadly prohibits a person from acquiring securities in a company that is subject to the takeover rules when the number of securities controlled by that person and their associates would exceed 20% (or increase from a starting point that is above 20% and below 90%). However, a shareholder is permitted to increase its shareholding by any percentage as a result of a permitted buy-back authorised under Section 257A of the Corporations Act.
- 4.8 RG111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611 of the Corporation Act 2001, a selective capital reduction or selective buy back under Chapter 2J.
- 4.9 Where there is a control transaction by way of a selective capital reduction, RG 111 states similar considerations apply to the selective capital reduction as apply to a takeover bid.
- 4.10 In the event that 126,103,515 shares (representing 63.05% of the 200,000,000 shares proposed to be bought back) are bought back by PS&C, each of the Non-Associated Shareholder's shareholding would increase from 14.97% to 20.0%.

4.11 On the above basis, we have considered whether or not the Proposed Buy-back is “fair” to Non-Associated Shareholders by assessing and comparing:

- The Fair Value of a share in PS&C on a Control and non-Control Basis; with
- The Proposed Buy-back Consideration,

and, considered whether the Proposed Buy-back is “reasonable” to Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Buy-back which are likely to be relevant to Non-Associated Shareholders in their decision of whether or not to approve the Proposed Buy-back.

4.12 Our assessment of the Proposed Buy-back is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of PS&C

Overview

- 5.1 PS&C is an end-to-end Information Technology and digital consulting company headquartered in Melbourne, Victoria.
- 5.2 The Company was admitted to ASX's official list in December 2013 and was formed through the acquisition of the following companies:
 - Systems and People Pty Ltd;
 - Securus Global Consulting Pty Ltd;
 - Hacklabs Pty Ltd;
 - Allcom Networks Pty Ltd; and
 - Allcom Consulting Services Pty Ltd.
- 5.3 The Company historically comprised of the following business units:
 - i) People (also known as Design + Process);
 - ii) Security (also known as Defend + Secure); and
 - iii) Communications (also known as Delivery + Cloud).
- 5.4 PS&C divested the Security and Communications business units over FY19 to FY20, and currently comprises the Melbourne Consulting Business and Respring.
- 5.5 At the date of this Report, PS&C comprise primarily of:
 - i) The Melbourne Consulting Business, which, subject to shareholders' approval at a General Meeting of the Company to be held on 26 October 2020, will be divested for total consideration of \$23.0m (subject to any completion adjustments); and
 - ii) Respring, which is a technology company that invests in and provides consulting services to digital companies. Respring wholly owns farmbuy.com, a rural property real-estate web portal providing digital advertising and marketing services to Australian agriculture and real estate companies.

Directors and management

- 5.6 The directors and key management of PS&C are summarised below:
 - Renata Sguario (Chairman, Director);
 - Robert Hogeland (CEO, Managing Director);
 - Nicole Ferro (Director);
 - Vesna Jelesic (CFO, Company Secretary); and
 - Nicholas Chan (Non-Executive Director).

Financial performance

- 5.7 The table below sets out PS&C's consolidated financial performance for the years ended 30 June 2018 ("FY18"), 30 June 2019 ("FY19") and 30 June 2020 ("FY20") ("Historical Period").

PS&C Ltd Financial performance (\$'000)	FY18 Audited	FY19 Audited	FY20 Audited
Revenue from continuing operations	63,153	53,602	51,129
Operating expenses			
Third party materials and labour	(14,471)	(16,894)	(11,107)
Employee benefits expense	(41,980)	(31,919)	(34,469)
Loss on disposal of assets	(0)	(43)	-
Other expenses	(5,351)	(5,534)	(3,718)
Total operating expenses	(61,802)	(54,391)	(49,294)
Other income	48	13	3,360
Other non-recurring expenses			
Acquisition expenses	(403)	(645)	(125)
Impairment of assets	(9,612)	(49,630)	-
Contingent consideration adjustments	(619)	(1,070)	-
EBITDA	(9,235)	(52,120)	5,070
<i>EBITDA margin</i>	<i>-15%</i>	<i>-97%</i>	<i>10%</i>

Source: PS&C audited financial statements for FY18, FY19 and FY20

Table 4: PS&C consolidated historical financial performance

- 5.8 PS&C disclosed a loss at the EBITDA level of \$9.2m and \$52.1m for FY18 and FY19, respectively. PS&C disclosed EBITDA of \$5.1m for FY20. Reported EBITDA margin was -15% (FY18), -97% (FY19) and 10% (FY20).
- 5.9 Employee benefits expense represent the most significant portion of operating expenses. Operating expenses as a percentage of total revenue remained fairly constant over the Historical Period, at 98% (FY18), 101% (FY19) and 96% (FY20).
- 5.10 Acquisition expenses relate to the services provided by consultants and legal advisors, as well as share issue costs.
- 5.11 The impairment of assets expense in FY18 and FY19 relate primarily to the impairment of goodwill in relation to PS&C's business units as mentioned in paragraph 5.3 of this Report.

Financial position

5.12 The table below sets out the consolidated financial position of PS&C as at 30 June 2018, 30 June 2019 and 30 June 2020.

PS&C Ltd Financial position (\$'000)	30-Jun-18 Audited	30-Jun-19 Audited	30-Jun-20 Audited
Current assets			
Cash and cash equivalents	4,687	4,286	1,478
Trade and other receivables	14,163	12,760	7,092
Inventories	19	-	-
Income tax refund due	239	-	359
Other	3,257	2,421	2,170
Total current assets	22,365	19,466	11,099
Non-current assets			
Property, plant and equipment	1,372	685	240
Right-of-use assets	-	-	1,088
Intangibles	100,046	47,256	32,998
Deferred tax	1,079	1,127	-
Receivables	356	-	-
Other	28	-	-
Total non-current assets	102,881	49,068	34,326
Total assets	125,246	68,534	45,424
Current liabilities			
Trade and other payables	10,648	9,451	2,265
Borrowings	12,902	10,300	-
Lease liabilities	-	-	529
Employee benefits	1,514	615	-
Income tax	-	903	189
Deferred consideration	10,316	7,109	524
Other	2,099	3,815	4,092
Total current liabilities	37,479	32,192	7,600
Non-current liabilities			
Borrowings	-	78	-
Lease liabilities	-	-	422
Deferred tax	-	-	67
Employee benefits	303	195	61
Contingent consideration	4,499	1,630	-
Deferred consideration	1,750	995	145
Payables	236	-	-
Other	-	-	66
Total non-current liabilities	6,787	2,899	761
Total liabilities	44,266	35,091	8,360
Net assets	80,980	33,444	37,064

Source: PS&C audited financial statements for FY18, FY19 and FY20

Table 5: PS&C consolidated historical financial position

- 5.13 PS&C disclosed net assets of \$33.4m and \$37.1m as at 30 June 2019 and 30 June 2020, respectively.
- 5.14 Assets primarily comprise of trade and other receivables, cash and cash equivalents and other current assets. As at 30 June 2020, other current assets of \$2.2m comprised \$2.0m accrued revenue, \$120k prepayments, and \$5k security deposits.
- 5.15 During FY20, PS&C repaid all outstanding borrowings to ANZ bank.

- 5.16 Liabilities comprise primarily of trade and other payables, and other liabilities. As at 30 June 2020, other current liabilities of \$4.1m comprised \$3.5m accrued expenses, \$232k revenue received in advance, \$24k other payables and \$21k other current liabilities.
- 5.17 Trade and other payables relate primarily to trade payables, GST payable and other payables. The decrease from 30 June 2019 to 30 June 2020 was primarily due to trade payables decreasing from \$5.7m to \$363k.

Capital structure

- 5.18 The table below sets out the capital structure of PS&C, excluding the 75.0m of shares held by each of the Non-Associated Shareholders which are subject to escrow provisions, as at 29 September 2020.

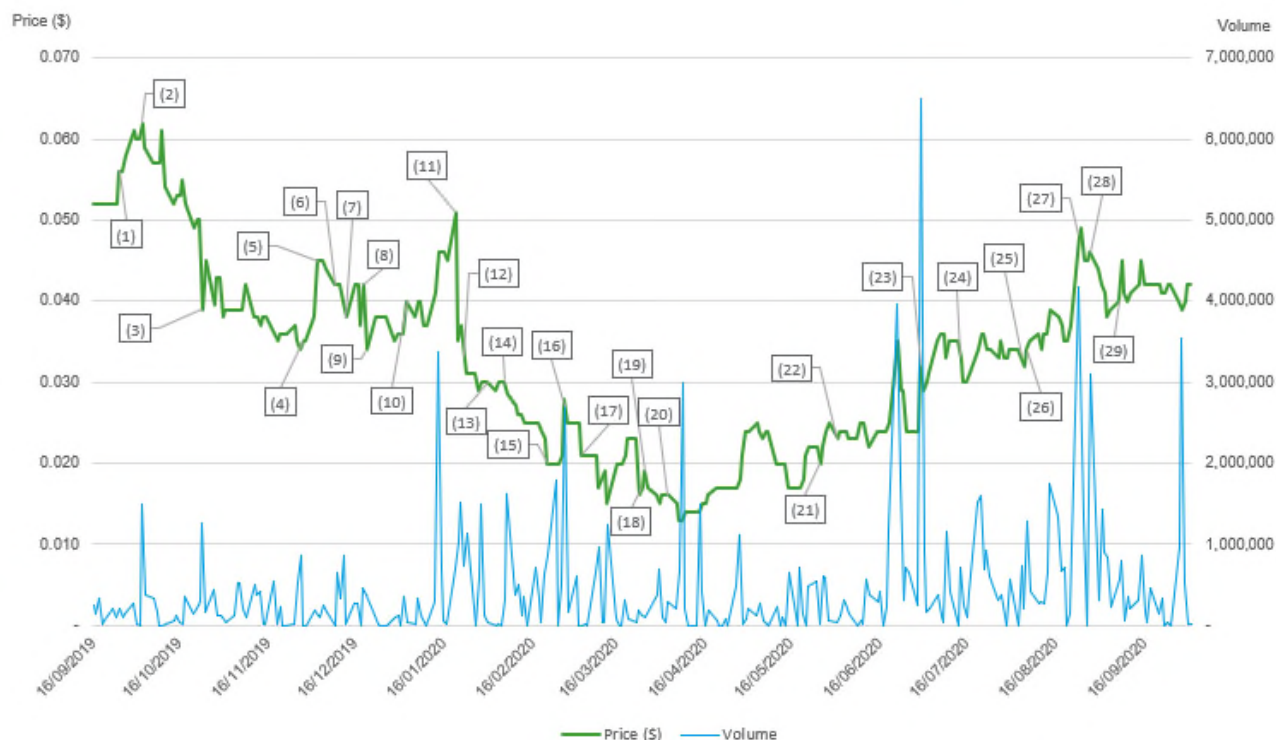
Shareholder	Shares ('000)	%
Fip Investments (VIC) Pty Ltd	20,947	6.0%
Mr Blair Cameron Gowans	15,928	4.5%
Masal Pty Ltd	14,694	4.2%
Kando Corporation Pty Ltd	14,105	4.0%
Iitca Pty Ltd	13,725	3.9%
Flashlight Advisory Pty Ltd	13,024	3.7%
Mrs Laura Catherine Gowans	12,052	3.4%
Australian Executor Trustees	9,336	2.7%
BLVD Pty Ltd	9,297	2.6%
Mr Richard Adrian Clarke	9,000	2.6%
Glennfield Pty Ltd	8,038	2.3%
Iq Rental & Finance Pty Ltd	8,000	2.3%
PJW Consulting Group Pty Ltd	6,176	1.8%
Hixon Pty Ltd	6,119	1.7%
Linfield Fc Pty Ltd	5,836	1.7%
HGQ Investments Pty Ltd	5,559	1.6%
Mr Paul Richard Fielding	5,352	1.5%
McAdam Family Holdings	4,902	1.4%
Hatdon Pty Ltd	4,875	1.4%
Mr Corey Peter Yeatman	4,484	1.3%
Total top 20 shareholders	191,449	54.5%
Other shareholders	159,655	45.5%
Total shareholders	351,104	100.0%

Source: PS&C's shareholder register as at 29 September 2020

Table 6: PS&C shareholding as at 29 September 2020

Share price performance

5.19 The chart below sets out a summary of PS&C's daily closing share price and traded volumes on the ASX for the period from 16 September 2019 to 2 October 2020.



Source: S&P Capital IQ and PS&C's ASX announcements

Chart 2: PS&C's share price performance

- 5.20 (1) 26 September 2019: The Company released an annual report to shareholders.
- 5.21 (2) 3 October 2019: The ASX announced that Tesserent had signed a sale and purchase agreement for the acquisition of PS&C's security division. The acquisition consideration of \$16.0m (based on 5.3 times of normalised EBITDA for FY19) comprises of \$9.0m cash, \$5.0m of Tesserent equity and \$2.0m cash or equity at Tesserent's option, deferred for 6 months. The completion of the transaction was subject to Tesserent shareholder approval.
- 5.22 (3) 24 October 2019: The Company announced a 1 for 3 pro-rata non-renounceable entitlement offer of fully paid shares to raise up to approximately \$3.4m (before costs), being 83,986,684 new shares in aggregate.
- 5.23 (4) 28 November 2019: The Company announced the results of its 2019 annual General Meeting, including the Chairman's review of the Company's performance for 2019 and details of the Company's strategic direction moving forward.
- 5.24 (5) 3 December 2019: The Company announced that it had received binding commitments from a professional and sophisticated investor in respect of 18.75m shortfall shares resulting from its recent entitlement offer, to raise an additional \$750k. The entitlement offer, together with the shortfall placement, would provide gross proceeds of approximately \$1.5m to the Company. The new shares under the shortfall placement were expected to be issued on or around 3 December 2019, with trading to commence on or around 4 December 2019.
- 5.25 (6) 10 December 2019: The Company announced the sale of its wholly owned subsidiary, Nth. Consulting Pty Ltd (NTH), to TNT Cyber Services Pty Ltd for a purchase price of \$5.3m. The Company also announced

the completion of the sale of its security segment. The transactions eliminated significant liabilities from PS&C's balance sheet and enabled the Company to further reduce its net debt position.

- 5.26 (7) 13 December 2019: The Company announced an increase in Renata Squario's (Director) shareholding in the Company from NIL to 500,000 fully paid ordinary shares.
- 5.27 (8) 19 December 2019: The Company announced that it had entered into a share purchase agreement to divest its wholly owned subsidiary, Glassandco Pty Ltd, to Vitrics Pty Ltd for a total cash consideration of \$1.6m. The Company also announced that it had successfully divested its security segment and its Canberra operations for a combined Gross Consideration of circa \$20.0m.
- 5.28 (9) 20 December 2019: The Company released a Notice of General Meeting in relation to the sale of Glassandco Pty Ltd to related parties.
- 5.29 (10) 3 January 2020: The Company announced the Record Date for the in-specie distribution of Tesseract shares. The Company advised that the record date, subject to shareholder approval of the Ordinary Resolution at the General Meeting would be 22 January 2020.
- 5.30 (11) 20 January 2020: The Company released an update on its recent entitlement offer and confirmed that 42.0m shares under the shortfall placement resulting from its recent entitlement offer had been issued at a price of \$0.04 per new share.
- 5.31 (12) 23 January 2020: The Company announced that the in-specie distribution of 100.0m Tesseract Limited shares was completed, and shareholders would receive one Tesseract share for every 3.511 PS&C shares held on the Record Date of 22 January 2020.
- 5.32 (13) 31 January 2020: The Company announced the resignation of Mr. Glenn Fielding as a Director of PS&C, following the completion of the Company's divestment of Glassandco Pty Ltd. Mrs. Nicole Ferro was appointed as a Non-Executive Director of the Company.
- 5.33 (14) 6 February 2020: The Company announced that it had signed a share sale and purchase agreement to acquire, subject to shareholder approval, a 100% interest in Respring. As a part of the acquisition terms, PS&C would acquire a 100% interest in farmbuy.com, an Australian rural & lifestyle property real-estate web portal. The acquisition formed part of PS&C's intention to pursue strategic acquisitions that better utilise its delivery capabilities and provide opportunities for the Company to diversify its revenue base. The total consideration payable was \$4.5m and was to be satisfied by issuing the vendors of Respring with PS&C shares.
- 5.34 (15) 21 February 2020: The Company released a notice of General Meeting in relation to the acquisition of Respring Pty Ltd.
- 5.35 (16) 27 February 2020: The Company released its financial results for the six months ended 31 December 2019, reporting a revenue of \$26.1m for the period.
- 5.36 (17) 4 March 2020: The Company announced it had achieved Platinum Tier under the Salesforce Consulting Partner Program for the period 1 March 2020 to 28 February 2021.
- 5.37 (18) 25 March 2020: The Company announced that the ATO had published a class ruling in relation to the in-specie distribution of Tesseract Limited shares, ruling that no part of the return of capital made to shareholders by way of the specie distribution of TNT shares is a 'dividend' as defined in subsection 6(1) of the Income Tax Assessment Act.
- 5.38 (19) 26 March 2020: The Company released an update on its business considering the unprecedented trading conditions caused by the global COVID-19 pandemic. This announcement disclosed temporary cuts to leadership remuneration and the strengthening of its balance sheet through the completion of the Nth. Consulting Pty Limited divestment.

- 5.39 (20) 2 April 2020: The Company announced the completion of the acquisition of Respring.
- 5.40 (21) 26 May 2020: The Company announced that it had established a share sale facility for holders of unmarketable parcels of shares in the Company (Facility) to sell their shares without incurring any brokerage or handling costs that could otherwise make a sale of their shares uneconomic or difficult.
- 5.41 (22) 1 June 2020: The Company announced the appointment of Mrs Vesna Jelesic as Chief Financial Officer and Company Secretary effective 1 June 2020, replacing Mr Jeffrey Bennett.
- 5.42 (23) 30 June 2020: The Company announced its debt facility with the ANZ Banking Group had been repaid in full, deferred consideration reduced to less than \$700k, and revenue and EBIT from continuing operations for FY20 were expected to be in the range of \$50.0m to \$51.0m and \$5.5m to \$5.7m, respectively.
- 5.43 (24) 14 July 2020: The Company announced that Respring had won a new client, 1derful Group Pty Ltd.
- 5.44 (25) 4 August 2020: The Company announced that the farmbuy.com business of Respring had achieved strong performance in all key site metrics in July, completed the re-engineering of farmbuy.com's platform ahead of schedule, and appointed key organisation positions to drive onboarding of agents and advertising revenue.
- 5.45 (26) 6 August 2020: The Company announced the appointment of a Non-Executive Director, Mr. Nicholas Chan.
- 5.46 (27) 25 August 2020: The Company released its financial results for the year ended 30 June 2020, announcing an increase in EBITDA from continuing operations of 268% to \$2.4m, and a net profit after tax of \$3.0m.
- 5.47 (28) 28 August 2020: The Company announced that it had executed a binding sale agreement to divest the Melbourne Consulting Businesses for a total cash consideration of \$23.0m with LVP Technology Services Pty Ltd. In the event that the divestment is approved by PS&C's shareholders, the Board of PS&C intends to undertake a return of capital via a share buy-back, after consideration is given to the short-term working capital requirements of the remaining business and a further strategic acquisition that is well advanced.
- 5.48 (29) 7 September 2020: The Company announced that it had executed a term sheet to acquire a 100% interest in Asset Vision for a total consideration of \$10.0m, comprising a combination of cash and shares.

6. Valuation approach

Basis of valuation

- 6.1 The valuation of a PS&C Share prior to the Proposed Buy-back has been prepared on the basis of Fair Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

Valuation methodologies

- 6.2 In assessing the Fair Value of a PS&C Share prior to the Proposed Buy-back, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 6.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

- 6.4 Market based methods estimate the Fair Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:
- the quoted price for listed securities; and
 - industry specific methods.
- 6.5 The recent quoted price for listed securities method provides evidence of the Fair Value of a company's securities where they are publicly traded in an informed and liquid market.
- 6.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the Fair Value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the Fair Value of a company than other market-based valuation methods because they may not account for company specific risks and factors.

Income based methods

- 6.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow; and
 - capitalisation of future maintainable earnings.
- 6.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

- 6.9 The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

- 6.10 Asset based methodologies estimate the Fair Value of a company’s securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 6.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 6.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.
- 6.13 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company’s assets are liquid, or for asset holding companies.

Selection of valuation methodologies

Valuation of a PS&C share prior to the Proposed Buy-back

- 6.14 The primary assets of PS&C at the date of this Report comprise of:
- the Melbourne Consulting Business which, subject to shareholders’ approval at a General Meeting of the Company to be held on 26 October 2020, will be divested for total consideration of \$23.0m (subject to any completion adjustments). We note that the Proposed Buy-back is subject to sale of the Melbourne Consulting Business; and
 - Respring.
- 6.15 We have, therefore, utilised a sum of parts methodology as our primary methodology to assess the Fair Value of a PS&C share prior to the Proposed Buy-back based on the following:
- we have assessed the Fair Value of the Melbourne Consulting Business on a Control Basis based on the agreed divestment consideration of \$23.0m, less any completion adjustments, transaction costs and taxation costs PS&C will incur as a result of the divestment;
 - we have utilised the net assets on a going concern methodology to assess the Fair Value of all other assets and liabilities that do not form part of the Melbourne Consulting Business; and
 - we have ascribed a discount for lack of control to assess the Fair Value of a PS&C Share prior to the Proposed Buy-back on a non-Control Basis.

- 6.16 We have utilised the quoted market price for listed PS&C shares as our secondary methodology. PS&C's shares are listed on the ASX which means there is a regulated and observable market for its shares.

Valuation of Proposed Buy-back Consideration

- 6.17 As the Proposed Buy-back Consideration comprises cash consideration of \$0.05 per PS&C share, we have assessed the Fair Value of the Proposed Buy-back Consideration at its face value.

7. Valuation of PS&C prior to the Proposed Buy-back

- 7.1 As stated at paragraph 6.15, we have assessed the value of a PS&C share prior to the Proposed Buy-back using the sum of parts methodology as our primary method and quoted market listed price as our secondary methodology.

Primary valuation

On a Control Basis

- 7.2 The table below sets out our assessment of the Fair Value of a PS&C share on a Control Basis.

Valuation summary - Sum of parts methodology		
Control Basis	Ref	(\$'000)
Consideration to be received for the Melbourne Consulting Business (net of transaction costs)	7.4	21,250
Fair Value of PS&C (excluding the Melbourne Consulting Business)	7.5	7,131
Fair value of PS&C (Control Basis)		28,381
No. of shares as at 29 September 2020		501,104
Fair Value of one PS&C share (Control Basis)		0.057

Source: RSM analysis

Table 7: Fair Value of a PS&C share prior to the Proposed Buy-back (Control Basis) – primary methodology

- 7.3 We have assessed the value of a PS&C share prior to the Proposed Buy-back, on a Control Basis, to be \$0.057 per share, utilising the sum of parts valuation methodology.
- 7.4 The table below sets out our assessment of the consideration to be received for the Melbourne Consulting Business, together with related transaction costs. The Directors of the Company have advised that there are no tax implications in relation to the sale of the Melbourne Consulting Business.

	Ref	(\$'000)
Agreed divestment consideration	6.15	23,000
Less: Transaction costs		(1,750)
Consideration to be received for the Melbourne Consulting Business (net of transaction costs)		21,250

Table 8: Consideration to be received for the Melbourne Consulting Business (net of transaction costs)

- 7.5 As mentioned in paragraph 6.15, we have utilised the net asset on a going concern methodology to assess the Fair Value of all other assets and liabilities that do not form part of the Melbourne Consulting Business, as set out in the table below.

	Ref	Carrying Value ¹	Adjustments	Assessed Fair Value
Current assets				
Cash and cash equivalents		748	-	748
Debtor facility under Scottish Pacific		1,639	-	1,639
Trade and other receivables		1	-	1
Total current assets		2,389	-	2,389
Non-current assets				
Property, plant and equipment		216	-	216
Intangible assets	7.6	221	-	221
Investments				
100% share ownership in Respring	7.7	4,500		4,500
Convertible notes in 1derful Pty Ltd	7.8	1,250	-	1,250
Right-of-use assets		762	-	762
Deferred tax		53	-	53
Other non-current assets		2	-	2
Total non-current assets		7,005	-	7,005
Total assets		9,393		9,393
Current liabilities				
Trade payables		240	-	240
Other creditors/accruals		726	-	726
Provision for income tax		160	-	160
Employee benefits		14	-	14
Deferred consideration		244	-	244
Other		21	-	21
Total current liabilities		1,405	-	1,405
Non-current liabilities				
Deferred consideration		145	-	145
Lease liabilities		712	-	712
Total non-current liabilities		857	-	857
Total liabilities		2,262		2,262
Net assets		7,131		7,131

1. Amalgamated financial positions of PS&C and Respring as at 31 August 2020 (excluding the assets and liabilities of Melbourne Consulting Business)

Table 9: Fair Value of PS&C's other assets and liabilities, excluding the Melbourne Consulting Business (Control Basis)

- 7.6 Relates to development costs in relation to Respring's farmbuy.com platform.
- 7.7 On the basis that PS&C only completed the acquisition of Respring in April 2020 for a consideration of \$4.5m, we have assessed this as representative of Respring's Fair Value on a Control Basis.
- 7.8 Relates to 1.25m convertible notes issued by 1derful Pty Ltd. Given the investment was made in July 2020, we have assessed the Carrying Value of the investment as its Fair Value.

On a non-Control Basis

7.9 The table below sets out our assessment of the Fair Value of a PS&C share on a non-Control Basis.

Valuation summary - Sum of Parts methodology Non-Control Basis				
	Ref	Low	High	Preferred
Fair Value of one PS&C share (Control Basis)	Table 7	0.057	0.057	0.057
Less: Discount for lack of control	7.11	23%	20%	22%
Fair Value of one PS&C share (non-Control Basis)		0.044	0.045	0.044

Source: RSM analysis

Table 10: Fair Value of a PS&C share prior to the Proposed Buy-back (non-Control Basis) – primary methodology

7.10 We have assessed the value of a PS&C share prior to the Proposed Buy-back, on a non-Control Basis, to be in the range of \$0.044 to \$0.045, with a preferred mid-point of \$0.044 per share, utilising the sum of parts valuation methodology.

7.11 Based on RSM Control Premium Study 2017, premiums for control are considered to range from 25% to 35% (equity level). We consider an appropriate control premium that would apply in the valuation of a PS&C share on a Control Basis would be between 25% and 30%. Accordingly, the corresponding discount for lack of control, calculated as the inverse of the control premium, is in the range of 20% to 23%.

Quoted price of listed securities (secondary methodology)

7.12 In order to provide a comparison and cross check to our assessed Fair Value of a PS&C share prior to the Proposed Buy-back, we have considered the recent quoted market price for PS&C shares on the ASX prior to the announcement of the Proposed Buy-back.

7.13 RG 111.69 indicates that for the quoted market share price methodology to represent a reliable indicator of Market Value, there needs to be an active and liquid market for the securities. The following characteristics may be considered to be representative of a liquid and active market:

- regular trading in the company's securities;
- approximately 1% of a company's securities traded on a weekly basis;
- the bid/ask spread of a company's shares must not be so great that a single majority trade can significantly affect the market capitalisation of the company; and
- there are no significant but unexplained movements in the share price.

7.14 To provide further analysis of the quoted market prices for PS&C's shares, we have considered the volume weighted average share price ("VWAP") over a number of trading day periods to the Proposed Buy-back Announcement Date. An analysis of the volume traded in PS&C's shares for the 5, 10, 30, 60 and 90-day periods is tabled below.

Calendar days	Share price	Share price	No. of days traded	Volume traded	Value traded	VWAP	Percentage of issued capital
	Low	High					
	\$	\$			\$	\$	%
5 days	0.037	0.049	3	7,795,400	372,391	0.048	1.56%
10 days	0.035	0.049	7	9,326,180	427,586	0.046	1.86%
30 days	0.032	0.049	19	17,367,390	716,496	0.041	3.47%
60 days	0.024	0.049	40	34,952,000	1,294,236	0.037	6.98%
90 days	0.022	0.049	58	46,380,390	1,622,993	0.035	9.26%
120 days	0.017	0.049	76	51,313,750	1,726,545	0.034	10.24%
180 days	0.013	0.049	110	65,297,030	1,949,360	0.030	13.74%

Source: Capital IQ and RSM analysis

Table 11: VWAP and traded volume of PS&C shares

7.15 We note the following:

- Less than 5.0% of PS&C's quoted shares were traded in the 30-days trading period prior to the Announcement Date;
- PS&C's VWAP was \$0.037 and \$0.035 for the 60 and 90-days trading period, respectively, and subsequently was in the range of \$0.030 to \$0.034 for the 120 to 180-days trading period; and
- Notwithstanding the low levels of liquidity, PS&C complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of PS&C. Accordingly, we have assessed the value of a PS&C share (on a non-controlling basis), and having specific regard to the VWAP during the 60 to 90-days prior to the Announcement Date, to be \$0.036.

7.16 Our assessment of the Fair Value of a PS&C share on a Control and non-Control Basis, using the quoted price of listed securities methodology is summarised in the table below.

PS&C Ltd Valuation cross check	Ref	Low \$	High \$	Preferred \$
Value of one PS&C share (non-Control Basis)	7.15	0.036	0.036	0.036
Control premium	7.11	25%	30%	28%
Value of one PS&C share (Control Basis)		0.045	0.047	0.046

Source: RSM analysis

Table 12: Fair Value of a PS&C share prior to the Proposed Buy-back (Control and non-Control Basis) – secondary methodology

7.17 We have assessed the value of a PS&C share on a Control Basis to be in the range of \$0.045 to \$0.047, with a preferred mid-point of \$0.046 per share, prior to the Proposed Buy-back, based on the quoted price of listed securities methodology.

7.18 A summary of our assessed Fair Values of a PS&C share on a Control Basis and non-Control Basis, derived under the two methodologies, is set out in the table below.

\$	Low	High	Preferred
On a Control Basis			
Sum of parts - primary methodology	0.057	0.057	0.057
Quoted price of listed securities - secondary methodology	0.045	0.047	0.046
On a non-Control Basis			
Sum of parts - primary methodology	0.044	0.045	0.044
Quoted price of listed securities - secondary methodology	0.036	0.036	0.036

Source: RSM analysis

Table 13: Fair Value of a PS&C share prior to the Proposed Buy-back (Control and non-Control Basis) – secondary methodology

7.19 We note that that our assessment of the Fair Value of a PS&C share using the quoted price of listed securities methodology is 19% and 18% below our assessed preferred Fair Values on a Control and non-Control Basis, respectively. We further note that the 5, 10 and 30 day VWAP immediately prior to the Proposed Buy-back Announcement Date was \$0.046 and \$0.048 and \$0.041, respectively

7.20 Notwithstanding the low liquidity of PS&C's shares, we consider that our assessment of the Fair Value of a PS&C share using the quoted price of listed securities methodology is broadly supportive of our primary methodology.

8. Is the Proposed Buy-back Fair to Non-Associated Shareholders?

8.1 In order to assess whether the Proposed Buy-back is fair to the Non-Associated Shareholders, we have compared:

- The Fair Value of a share in PS&C on a Control and non-Control Basis prior to the Proposed Buy-back; with
- The Proposed Buy-back Consideration.

8.2 Our assessment of the Fair Values of a PS&C share prior to the Proposed Buy-back on a Control and non-Control Basis, and the Fair Value of the Proposed Buy-back Consideration is summarised in the table below.

\$	Low	High	Preferred
Fair Value of one PS&C share (Control Basis)	0.057	0.057	0.057
Fair Value of one PS&C share (non-Control Basis)	0.044	0.045	0.044
Fair Value of the Proposed Buy-back Consideration	0.050	0.050	0.050

Source: RSM analysis

Table 14: Valuation summary

8.3 Our assessment is depicted graphically below.



Chart 3: Valuation summary

8.4 The table and chart above indicate that the Fair Value of the Proposed Buy-back Consideration is **less than** the Fair Value of a PS&C share on a Control Basis, and **greater than** the Fair Value of a PS&C share on a non-Control Basis.

8.5 Consequently, in accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 257D of the Corporations Act, we consider the Proposed Buy-back to be:

- Fair to Non-Associated Shareholders in the event that at least 126,103,515 shares are bought back as part of the Proposed Buy-back; or
- Not Fair to Non-Associated Shareholders in the event that less than 126,103,515 shares are bought back as part of the Proposed Buy-back.

9. Is the Proposed Buy-back Reasonable to Non-Associated Shareholders?

- 9.1 RG 111 establishes that the Proposed Buy-back is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the buy-back. As such, we have also considered the following advantages, disadvantages and other factors.
- 9.2 The Proposed Buy-backs key advantages are:
- the Proposed Buy-back is fair in the event that at least 126,103,515 shares are bought back as part of the Proposed Buy-back;
 - the Proposed Buy-back will reduce the number of PS&C shares on issue and consequently, all other things being the same, will be accretive to the future earnings per share of PS&C; and
 - the Proposed Buy-back will increase Non-Associated Shareholders percentage shareholdings in PS&C and may, therefore, provide them with greater influence over the decisions of the Company.
- 9.3 The Proposed Buy-back's key disadvantage is:
- the Proposed Buy-back is not fair in the event that less than 126,103,515 shares are bought back as part of the Proposed Buy-back.
- 9.4 In the event the Proposed Buy-back does not proceed, there will be no changes to PS&C's capital structure, and the Company will continue with its current business operations and look for alternative transactions to utilise the Proposed Buy-back Consideration for the best interests of shareholders.

No detriment to PS&C's creditors and current business plans

- 9.5 In our opinion, the Proposed Buy-back is not detrimental to the creditors of the Company given the cash resources that will be available to the Company should it complete the sale of the Melbourne Consulting Business.
- 9.6 Additionally, the Proposed Buy-back is not expected to materially impact the Company's business activities and plans going forward.

Response of the Market to the announcement of the Proposed Buy-back

- 9.7 The closing share price of a PS&C share on the Proposed Buy-back Announcement Date was \$0.046. The closing share price was \$0.045 on 26 August 2020 and 27 August 2020. The closing share price decreased post the Proposed Buy-back Announcement Date and traded in the range of \$0.038 to \$0.045 up to the date of this Report.
- 9.8 However, on the Proposed Buy-back Announcement Date, PS&C also announced that it had executed a binding sale agreement to divest the Melbourne Consulting Business. Additionally, as mentioned in paragraph 1.5 of this Report, the Proposed Transaction was announced on 7 September 2020. Accordingly, we consider the above closing share prices of a PS&C share may not necessarily solely indicate the market's reaction to the announcement of the Proposed Buy-back.

Conclusion on Reasonableness

- 9.9 In our opinion, the position of Non-Associated Shareholders if the Proposed Buy-back is approved is more advantageous than if the Proposed Buy-back is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Buy-back is reasonable for Non-Associated Shareholders.
- 9.10 An individual shareholder's decision in relation to the Proposed Buy-back may be influenced by his or her individual circumstances. If in doubt, Shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

A handwritten signature in blue ink, appearing to read "Glyn Yates".

GLYN YATES
Director

A handwritten signature in blue ink, appearing to read "A. Clifford".

ANDREW CLIFFORD
Director



APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Glyn Yates and Andrew Clifford are directors of RSM Corporate Australia Pty Ltd. Both Glyn Yates and Andrew Clifford are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Buy-back. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of PS&C and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Glyn Yates, Andrew Clifford, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Buy-back, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately \$40,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether PS&C receives Shareholder approval for the Proposed Buy-back, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Draft copies of the Notice of Meeting;
- Share Sale and Purchase Deed between PS&C Limited and LVP Technology Services Pty Ltd dated 28 August 2020;
- PS&C's audited financial statements for the three years ended 30 June 2020;
- PS&C's unaudited balance sheet as at 31 August 2020 (on a stand-alone basis);
- Respring Pty Ltd's unaudited balance sheet as at 31 August 2020;
- Consolidated unaudited balance sheet of PS&C and Respring Pty Ltd as at 31 August 2020;
- FINDEX Purchase Price Allocation valuation report dated 22 July 2020;
- 1derful Group Pty Ltd Convertible Note Offer subscription letter dated 10 July 2020;
- ASX announcements on PS&C;
- IBISWorld; and
- Information provided to us during meetings and correspondences with Management and Directors of PS&C.

C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollar
Act	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
Announcement Date	28 August 2020
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Carrying Value	The reported cost of assets and liabilities in the balance sheet of a company
Control Basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Directors	Directors of the Company
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FSG	Financial Services Guide
FY18	Financial Year 2018
FY19	Financial Year 2019
FY20	Financial Year 2020
IER	This Independent Expert Report
k	'000
m	million
Melbourne Consulting Business, the	Systems and People Pty Ltd, Bexton IT Services Pty Ltd, Sacon Group Pty Ltd, Caroma Consulting Pty Ltd, Seisma Pty Ltd and Artisan Consulting Pty Ltd
Non-Associated Shareholders	Shareholders of PS&C whose shares are not proposed to be bought back as part of the Proposed Buy-back, comprising of Keith Falconer and Lucas Murtagh
Notice	The notice of meeting to vote on, inter alia, the Proposed Buy-back
Proposed Buy-back, the	The selective share buy-back of 200,000,000 of PS&C Limited's shares at \$0.05 per share, and subsequent cancellation of those shares
Proposed Buy-back Announcement Date, the	28 August 2020
Proposed Buy-back Consideration, the	\$0.05 per one PS&C share
Proposed Transaction, the	The proposed acquisition of a 100% interest in Asset Vision by PS&C Limited

Term or Abbreviation	Term or Abbreviation
PS&C, the Company	PS&C Limited
Report	This Independent Expert's Report prepared by RSM dated 5 October 2020
Report Date	5 October 2020
Respring	Respring Pty Ltd
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RG 170	ASIC Regulatory Guide 170 Prospective Financial Information
RSM	RSM Corporate Australia Pty Ltd
VWAP	Volume weighted average share price

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